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SUBJECT: PUBLIC DISTRIBUTION AND FOOD SECURITY

REF: A. Baghdad 3109  
[¶B.](#) Baghdad 3184  
[¶C.](#) Baghdad 3498

SENSITIVE BUT UNCLASSIFIED. PLEASE PROTECT ACCORDINGLY.

[¶1.](#) (SBU) SUMMARY: Improved physical security in Iraq has led to dramatically improved food security, with the number of "food insecure" Iraqis falling to 930,000 in 2008 from a high of more than 4 million in 2005. Although Iraq's Public Distribution System (PDS) is expensive and woefully inefficient, without it food insecurity might be two to three times what it is today. Indeed, at least a quarter of Iraq's internally displaced persons (IDPs) are food insecure, mainly because many cannot use their PDS ration cards to access food in their areas of displacement. GOI officials charged with reforming the PDS unanimously agree that doing so is crucial. However, they argue that internal displacement and food and physical security must be addressed before the general population will readily accept PDS reform. END SUMMARY.

#### Food Security Dramatically Improves

[¶2.](#) (U) Security gains across Iraq have produced a great improvement in a crucial humanitarian indicator: food security. According to a recently released report from the World Food Program (WFP) and the GOI's Central Organization for Statistics and Information Technology (COSIT), 930,000 Iraqis, or 3.1 percent of the population, are food insecure -- i.e., they do not have access to sufficient, safe food to meet normal dietary needs. This is a dramatic improvement over past surveys. Previous post-2003 WFP surveys found that 2.6 million Iraqis (or 11 percent) were food insecure in 2003, and the figure had climbed to a troubling 4 million (15.4 percent) in 2005.

#### PDS Reduces Vulnerability

[¶3.](#) (U) While the recent improvement is certainly encouraging, the WFP report also makes clear that without the Public Distribution System (PDS), food insecurity would be much higher. (The PDS is the world's largest food ration program; dating to the Iran-Iraq war, it provides a basket of basic food and other household commodities to virtually every Iraqi household.) Aside from the 930,000 Iraqis currently identified as food insecure, WFP estimates that an additional 2.8 million (9.4% of the population) would currently be at risk of becoming food insecure if it were not for PDS. In 2003, some 3.6 million would have been at risk without PDS, and in 2005 that figure would have topped 8.3 million. In other words, in 2005 some 12.3 million Iraqis -- or 43 percent -- would have been "in dire need of humanitarian food assistance" if it were not for PDS, and nearly one in ten Iraqis remains equally dependent on PDS for food security today.

[¶4.](#) (U) The key role that PDS plays becomes more evident when one examines the case of IDPs in Iraq. While the rate of food insecurity nationwide has fallen to 3.1 percent, it is at least 25 percent (and likely much higher) among IDPs -- mainly because many

cannot access PDS benefits in their areas of displacement. According to UN figures, there are still 2.8 million Iraqi IDPs (Reftel A). Of these, 750,000 receive emergency WFP food aid because they cannot use their PDS ration cards. The GOI is aware of this problem and has been working with UN agencies and local authorities to seek a remedy. However, the very rules designed to reduce fraud and abuse within the bulky and poorly managed PDS are now working against those displaced families that most need the benefit.

#### Two Prerequisites for Successful PDS Reform

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**¶15.** (SBU) According to its obligations under the International Compact with Iraq and other donor agreements, the GOI remains committed to PDS reforms that include eliminating the benefit for wealthy Iraqis who do not need it and, over the much longer-term, monetizing benefits for those who do. (Note: The WFP report indicated that even among the top income quintile, 22 percent report some occasional periods of food insecurity - most likely because high physical security costs for themselves and their extended families leave less for food. End note.) The system is wasteful, rife with corruption and distorts commodity markets (Reftels B, C). It is also tremendously expensive. PDS cost the GOI more than USD 3.6 billion in 2008 (nearly 9 percent of the national budget). The initial 2009 budget request projected that the PDS price tag would balloon to USD 5.5 billion, although that figure may be trimmed thanks to the drop in worldwide food prices. The system's high costs are exacerbated by the unwieldy nature of the program and the corruption that is allegedly endemic throughout the system.

**¶16.** (SBU) For these reasons, GOI officials repeatedly tell us they are committed to reform. However, they are also painfully aware of the role the system plays in reducing vulnerability and in contributing to reconciliation and social stabilization. As one member of the PM's Advisory Board explained to us, many within the GOI consider improved security and the return home of most IDPs to be crucial prerequisites PDS reform. Only when these conditions are satisfied will the general public begin to accept significant changes to what is a crucial entitlement program for many, he said.

#### Comment

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**¶17.** (SBU) PDS reform is moving forward at a snail's pace, and an initial means testing that was scheduled to begin in November has been delayed (Ref A). We are often quick to blame these delays on lack of political will or, worse, foot dragging on the part of officials who are profiting from the system. While these factors no doubt contribute to the delays on one level, the worries of many Iraqi officials regarding the potential social impact on food security are genuine. PDS is an inefficient tool, but it is one the GOI and the system's beneficiaries understand and rely on to address a potentially significant humanitarian concern. Reforming it while the security and IDP situation remain fragile is possible, but it is fraught with risks that the GOI may not be willing to take.

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